RF Capital reports second quarter 2025 results

Q2 2025 Financial Highlights
(all figures in $CAD unless otherwise stated)

AUM[1] and Revenue

- Ending AUM[1,2] increased to $41.4 billion, up 5% or $2.2 billion driven by strong equity markets.
- The average invested AUM[1] grew by a record-breaking AUM. Overall revenue decreased 7% to $88.0 million driven by a decline in non-commissionable revenue[1], including 31% lower income assets and lower transaction revenue.

Profitability and Cash Flow

- Gross margin decreased 6% to $48.5 million, driven by the decrease in total revenue and increased share of non-commissionable revenue[1] in our revenue mix.
- EBITDA[1] decreased 25% to $11.7 million, primarily attributable to operating expenses[1] and lower gross margin. Adjusted EBITDA[1] decreased 19% to $12.7 million, driven by a decline in revenue of $7.7 million and an increase of $2.2 million in operating expenses[1].
- Cash from operating activities was $5.5 million compared to $5.2 million in Q2 2024, driven by a smaller distribution payment to our non-controlling interest partners. Free cash flow[1] was $4.7 million, down from $5.9 million in Q2 2024 due to lower cash flow from operations and higher growth capital expenditures.

Balance Sheet

- Net working capital[1] was $89.0 million, an increase of $13.3 million from Q1 2025 as the increase in current assets more than offset the increase in current liabilities.

Toronto, July 31, 2025 – RF Capital Group Inc. (RF Capital or the Company) (TSX: RCG) today reported financial results for the second quarter ended June 30, 2025. Management will host a live webcast to review the results. Interested parties can find the conference call information and other related information, including the presentation slides, on the Company's website at www.rfcapital.com. The Company's assets under management ("AUM") and AUM[1] ended Q2 2025 at a record high of $41.4[2] billion, up $2.1 billion compared to year-end 2024. The AUM increase was primarily driven by strong equity markets and net positive fund flows.

For more detail on our results, please refer to our MD&A for the three and six months ended June 30, 2025.

Subsequent to the end of the fiscal second quarter, on July 28, 2025, the Company and 2 Financial Corporation Inc. ("2F"), a Canadian investor and wealth management company, announced that they have entered into a definitive agreement ("Arrangement Agreement") for 2F to acquire all of the outstanding shares of the Company.

Dave Kelly, President and Chief Executive Officer, commented: "While we remain in a complex and uncertain macroeconomic environment, our second quarter results underscore the resilience and adaptability of our business model. We continued to grow our assets under management and invested in the strategic execution of our three-pillar strategy. We advanced key growth initiatives including our wholesale distribution platform, our Canadian Asset Management business, and our Wealth business, which saw its highest net new lending volume in a quarter, as we also will continue to do in Q3 2025. Looking ahead, we remain focused on delivering sustainable growth and long-term value for our shareholders through opportunistic acquisitions, product innovation operational scale."

As announced on Monday, July 28, the Transaction marks an exciting new chapter for RF Capital. By joining forces with 2F, we unlock potential synergies across technology, product innovation, and distribution, while maintaining the strong relationships and high-quality advisor experience our clients expect. We believe this combination will significantly strengthen scale the Richardson Wealth platform and accelerate our ability to deliver on our strategic priorities, including growth in our Wealth business, delivering trusted, personalized advice to our clients."

Dave Kelly will continue to serve as President and CEO of RF Capital through completion of the transaction and thereafter will transition into the company's board of directors. Management will host a live webcast to review the following day (noon). Further information about the Transaction, including the pronounced press release and slides, can be found on the Company's website. A recorded version will be made available on our upcoming Transaction webcast, expected on August 2, 2025.

1. Considered to be non-GAAP or supplementary financial measures (IFRS), which do not have any standardized meaning prescribed by IFRS and therefore may not be comparable to similar measures presented by other issuers. For further information, please see "Non-GAAP and Supplementary Financial Measures" section of this release.
2. AUM is a measure of client assets and is common in the wealth management industry. It represents the market value of client assets managed by the Company.

Outlook and Key Performance Drivers

Our current view on the drivers of our financial performance and profitability for 2025 is as follows:

- AUM[1,2] is highly correlated with equity and fixed income markets and our revenues are affected by changes in the value of client assets managed by the Company. Our revenues are also affected by the mix of client markets as much of the revenue is in the U.S. trade and tariff policies and their global contributions. Markets and AUM are the largest drivers of our revenue, and therefore, our profitability and cash flow.
- Interest revenue is impacted by prime rate, which directly accounts for approx. 5% of our revenue. Our cash balances are also impacted by the level of client activity and interest rates.
- Transaction activity, including our corporate finance revenue, could impact but is less likely to impact our outlook.
- We expect inflation to remain in the Bank of Canada's target range (1-3%), although there is uncertainty due to the new U.S. trade and tariff policies. We remain committed to being operating cost and expense disciplined.
- Operating expenses are expected to increase due to share price fluctuations, as we have recorded adjustments on share-based compensation per trade visibility in our results.
- We expect our effective tax rate, the Tax Transaction income and earning mark-ups impacts for RF Capital, to be in the range of 25-30%.

Preferred Share Dividend

On July 31, 2025, the Board of Directors approved a cash dividend of $0.203125 per Series B Preferred Share for the period from April 30, 2025 payable on September 30, 2025 to shareholder investors of record on September 15, 2025.

Second Quarter 2025 Earnings Conference Call and Webcast

All earnings conference call and webcast will be held on Friday, August 1st at 10:00 a.m. (EST). The call will be hosted by Dave Kelly, President and CEO and Paul Cataldo, CFO. **To participate in the RF Capital Q2 2025 quarter earnings conference call** a toll-free call-in dial-in **is 416-406-0741 or 1-800-558-9808**. Please dial in ten minutes before the call to register and quote **2025#QCF#**. The conference call can be accessed on a listen-only basis through a live webcast by visiting the Company's website at **https://richardsonwealth.com/investor-relations/events-presentations**. A recording of the call will be available for approximately two weeks following the conference call by dial-in 416-406-0741 or 1-800-558-9808 and entering access code 2250#. The webcast will be archived at **https://richardsonwealth.com/investor-relations/financial-information**.

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4. Revenues illegal in a trade mean of client assets and is common in the wealth management industry. It represents the market value of client assets managed by the Company.
5. Net working capital is defined as current assets less current liabilities.
6. Net capital is the revenue, trading commissions, and interest on cash, divided by average AUM.
7. Adjusted EBITDA is a non-GAAP ratio defined as adjusted EBITDA as a percentage of revenue, excluding the arrangements in Q1 2020 and the arrangements in Q1 2021.
8. Adjusted EBITDA is a non-GAAP ratio defined as adjusted EBITDA as a percentage of revenue, excluding the arrangements that are not directly related to revenue.
9. Operating expenses are defined as operating expenses, selling, general, and administrative expenses, and any impairment of goodwill, intangible assets, and other assets.
10. Excluding Q1 2020, as updated in the year-end MD&A for the year ended December 31, 2020, the Company's adjusted EBITDA margin was 15% in Q1 2020 and 16% in Q1 2021 (excluding the arrangements in Q1 2021 and "Supplementary Financial Measures" section of this release).

Select Financial Information

The following table presents the Company's financial results for Q2 2025, Q1 2025 and Q2 2024:

	As at or for the three months ended			As at or for the six months ended		
(thousands except per share amounts)	June 30, 2025	March 31, 2025	June 30, 2024	June 30, 2025	June 30, 2024
Per attributable share[1]					
Diluted earnings (loss) per share	$0.21	$0.02	.%	$1.23	.%
Adjusted earnings per share	$0.21	$0.02	.%	$1.23	.%
Dividends	$0.203	$0.203	.%	$0.406	.%
Operating expenses and[1]	$0.21	$0.21	(0)%	$0.42	$0.42	(0)%
Adjusted EBITDA

Net receivable from brokers (non-current portion)	59,209	60,034	(1%)	61,125	(3%)
Employee and other loans receivable (current portion)	1,035	1,11	(7%)	1,244	(17%)
Other assets	17,840	15,116	18%	14,738	21%
Current liabilities:					
Accounts payable and accrued liabilities	58,154	60,500	(4%)	60,261	(3%)
Provisions (current portion)	12,364	12,030	3%	13,587	(9%)
Lease liabilities (current portion)	5,021	4,676	7%	4,699	7%
Net working capital	89,919	90,62	(1%)	88,723	1%

YTD Non-GAAP Information

The following table presents select year-to-date non-GAAP financial information for the current and prior fiscal years.

	For the six months ended	
($ thousands, except as otherwise indicated)	June 30,2025	June 30,2024
EBITDA:		
Net income/(loss) from continuing operations – reported	(6,721)	1,587
Income tax expense/(recovery)	990	938
Income/(loss) before income taxes – reported	(5,231)	2,525
Interest	6,512	7,163
Advisor award and loan amortization	6,147	6,070
Amortization and depreciation of premises and equipment	5,464	5,398
Amortization of intangibles	7,252	7,261
EBITDA	20,144	28,606
Operating expenses:		
Total expenses – reported	109,987	101,807
Interest	6,512	7,163
Advisor award and loan amortization	6,147	6,070
Amortization and depreciation of premises and equipment	5,464	5,398
Amortization of intangibles	7,252	7,261
Operating expenses	84,612	77,715
Adjusted net income:		
Net income/(loss) from continuing operations – reported	(6,721)	1,587
After-tax adjusting items:		
Transformation costs and other provisions	–	–
Amortization of acquired intangibles	4,796	4,796
Adjusted net income/(loss)	(1,425)	6,383
Net income/(loss) per common share from continuing operations:		
Basic	(0.54)	(0.03)
Diluted	(0.54)	(0.03)
Adjusted net income/(loss) per common share:		
Basic	(0.23)	0.21
Diluted	(0.23)	0.21
Cash flow:		
Cash provided by/(used in) operating activities	10,918	(6,664)
Additions:		
Advisor loans net of repayments	2,019	9,337
Capital expenditures – maintenance	(2,640)	(1,205)
Lease payments	(4,345)	(4,523)
Preferred share dividends	(2,146)	(2,146)
Free cash flow before for growth	3,806	(5,201)
Advisor loans net of repayments	(2,019)	(9,337)
Capital expenditures – growth (net of lease incentives)	(3,823)	846
Free cash flow	(2,036)	(13,892)

About RF Capital Group Inc.

RF Capital Group Inc. is a TSX-listed (TSX: RCG) wealth management-focused company. Operating under the Richardson Wealth brand, the Company is one of the largest independent wealth management firms in Canada with $40.4 billion in assets under administration (as of June 30, 2025) and 23 offices across the country. The firm's Advisor teams are focused exclusively on providing strategic wealth advice and innovative investment solutions customized for high net worth or ultra-high net worth families and entrepreneurs. The Company is committed to maintaining exceptional fiduciary standards and has earned certification – determined annually – from the Centre for Fiduciary Excellence for its Separately Managed and Portfolio Management Account platforms. For the seventh year in a row, Richardson Wealth has been certified as a "great place to work" by Great Place to Work®, a global authority on workplace culture.

To learn more about the Company, please visit www.rfcapgroup.com and www.RichardsonWealth.com to view our 2024 annual report and our latest recruiting brochure.

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Investor Relations
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